

# THE YOUNG PLAN SETTLEMENT

by

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## INTRODUCTION

THE report of the experts' committee on reparation marks a new step in post-war economic history. The economic backwash of the war has subsided and the stream of European commercial development can follow a peace-time course, adjusted to new world conditions.

The Young plan, like its predecessor, the Dawes plan, is an attempt to apply economic intelligence to the solution of the most vexing of the post-war problems disturbing the economic stability of Europe. Whether it will in reality provide a "complete and final settlement of the reparation problem," only the test of experience can show.

The moral and material cost of the World War is beyond computation. Mr. Harvey E. Fisk of the Bankers Trust Company estimates the direct and tangible cost of the war at more than 80 billion dollars in gold, the sum being expressed in terms of the 1913 price level.<sup>1</sup> This figure, large as it is, takes no account of such factors as the economic cost of the destruction of human life, the social and economic losses involved in the collapse of the post-war boom, or the inflation period in Europe. Mr. Fisk declares:

"In 1914 English economists estimated the wealth of the people of Great Britain to be about \$70,000,000,000. All the property of every kind in England, Wales, Scotland and Ireland, the railways, the docks, the shipping traversing every sea, the entire navy, the great factories, the coal, tin and iron mines, in short, all tangible property of every sort and kind is represented by this seventy billion dollars and yet the war cost ten billion dollars more than this, and ten billion dollars is equivalent to the entire national wealth of Australia and New Zealand!"<sup>2</sup>

Allowing for the impossibility of estimating accurately the real cost of the war, Mr. Fisk's figure does convey some impression of its magnitude. The cost of a war is never borne by the generation which fights it. Most European countries were still paying, in 1914, the debts accumulated in past wars. England had not yet paid off the debt incurred during the Napoleonic wars of a century before.

The World War left a vast legacy of internal and external indebtedness, of which war debts and reparation are only a part. Viewed from this broad perspective, war debts and reparation are aspects of the much larger problem of paying for the war.

From a realistic financial point of view, as well as from the point of view of the European countries concerned, war debts and reparation are inseparably linked. In their legal and moral aspects as intergovernmental obligations, however, the two forms of indebtedness rest upon an entirely different basis.

## REPARATION FOR WAR DAMAGES

German reparation obligations are imposed upon Germany by the Treaty of Versailles. Carl Bergmann, the German historian of reparation, says, in defining the meaning of reparation, "The word 'reparation' since the war has acquired a special meaning, and is understood to signify the obligation of the vanquished, and of Germany in particular, to repair the damages suffered by the victors."<sup>3</sup>

1. Harvey E. Fisk, *The Inter-Ally Debts*, 1924, p. 1.

2. *Ibid.*, p. 1.

3. Carl Bergmann, *The History of Reparation*, 1927, p. 3.

Under the provisions of the Treaty of Versailles, Germany and her allies accepted responsibility "for causing all the loss and damage to which the Allied and Associated Governments and their nationals have been subjected as a consequence of the war imposed upon them by the aggression of Germany and her Allies." Article 232 of the Treaty of Versailles required Germany to pay the entire war debt of Belgium and to "make compensation for all damage done to the civilian population of the Allied and Associated Powers and to their property during the period of the belligerency of each as an Allied or Associated Power against Germany by such aggression by land, by sea and from the air, and in general all damage as defined in Annex I hereto." According to the terms of Annex I, in addition to the payments for reconstruction of the devastated regions and for a long list of other damages, Germany could be made liable for pensions and separation allowances paid by governments of the Allied and Associated Powers.

The Treaty of Versailles provided for the appointment of a reparation commission to fix the total bill against Germany, and to supervise German payments. On April 27, 1921, the Reparation Commission fixed Germany's obligation at 132 billion gold marks, exclusive of the Belgian war debt priority of four billion gold marks (\$32,000,000,000 in all).

On May 3, 1921, Germany was forced to accept the London Schedule of Payments, which determined the amount of annuities she was to pay. The reparation situation and Germany's financial condition went from bad to worse during the next two years, until on January 9, 1923 Germany was declared in voluntary default in the delivery of coal; and on January 11 the French and Belgian troops occupied the Ruhr. On January 26, the Reparation Commission declared Germany in general default, and from this time on Germany's already strained financial structure became completely demoralized.

Out of this situation, which threatened the economic stability of all Europe, came the

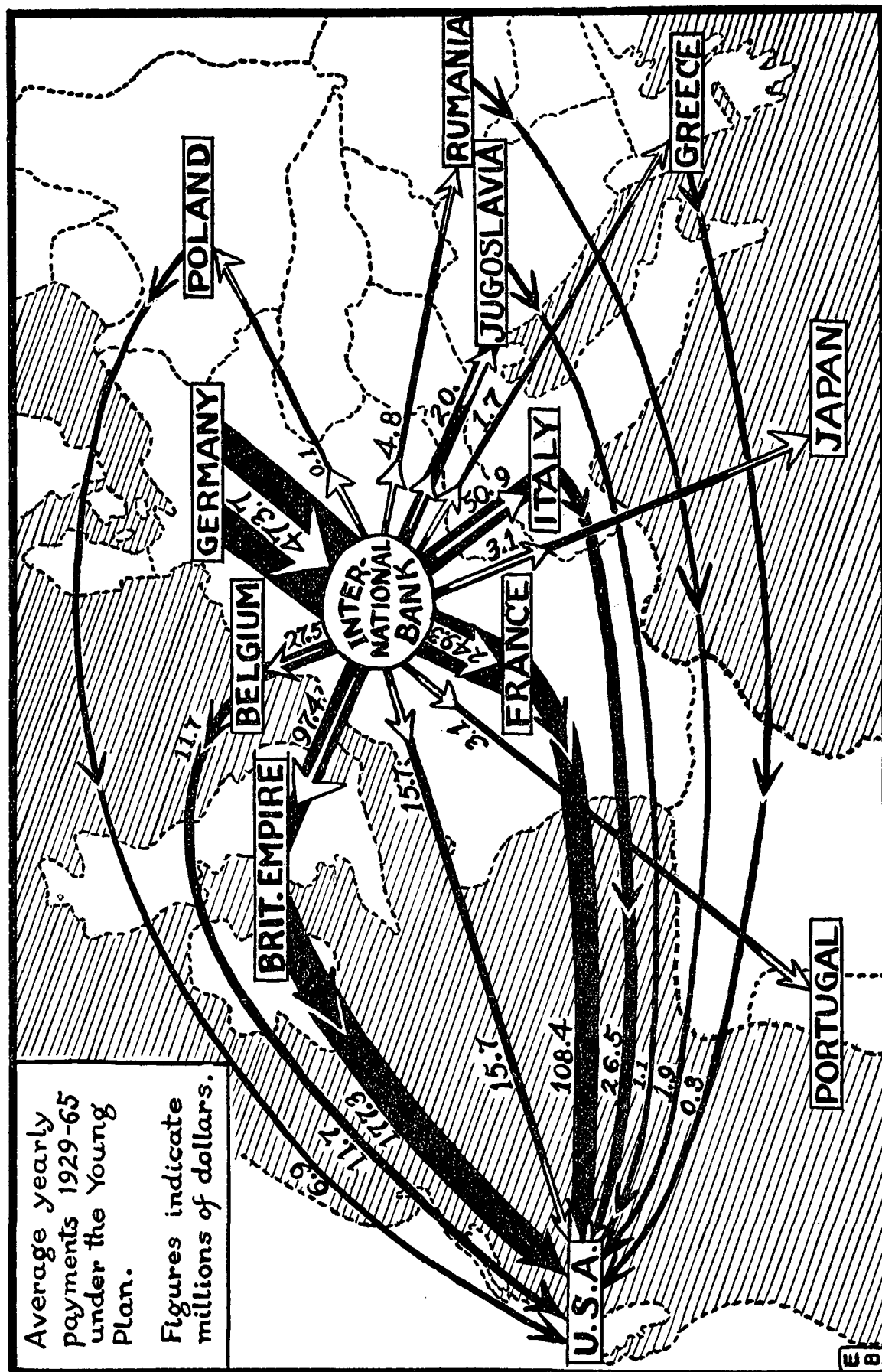
practical expedient of a committee of financial experts to examine German currency and the German budget. This committee, under the chairmanship of General Charles G. Dawes, met in Paris on November 30, 1923, and formulated a plan which has provided a practicable schedule of payments for Germany for the last five years.

While the Dawes plan has fulfilled the purposes for which it was proposed, it was at best only a temporary bridge, and was not intended as a final solution. Its work has been carried to completion by the second committee of financial experts, which, under the chairmanship of Owen D. Young, on June 7, 1929, presented a plan for permanent settlement of the reparation question.

Germany's reparation liabilities are, therefore, based originally upon the Treaty of Versailles, which charged Germany with full responsibility for the war. Germany was economically unable to bear the full charges imposed upon her by the Reparation Commission. During the ten years which have elapsed since the Treaty of Versailles, opinion has been gradually modified until, more and more, reparation is coming to be regarded as a means of making Germany pay what is considered a fair share of the cost of the war.

#### DEBTS FOR VALUE RECEIVED

The war debts of the Allied Governments to the Government of the United States have a very different origin, and rest upon an entirely different basis. They were contracted for the purpose of paying for war supplies purchased by those governments in the United States, so that, in other words, the Government of the United States accepted the notes of the various Allied Governments for value received in the form of munitions and other supplies. There is nothing in the various acts passed by Congress authorizing these loans to indicate that they involved anything other than a purely business transaction. According to available records, there is no evidence whatsoever that the United States Government ever officially regarded the Allied debts to the United States in any other light.



As early as June 26, 1920, Secretary Houston, in a memorandum to Sir Auckland Geddes, the British Ambassador, stated:

"It has been at all times the view of the United States Treasury that questions regarding the indebtedness of the government of the United Kingdom of Great Britain and Ireland to the United States Government and the funding of such indebtedness had no relation either to questions arising concerning the war loans of the United States and of the United Kingdom to other governments or to questions regarding the reparation payments of the Central Empires of Europe. These views were expressed to the representatives of the British Treasury constantly during the period when the United States Government was making loans to the government of the United Kingdom and since that time in Washington, in Paris and in London."<sup>4</sup>

On November 3, 1920, President Wilson, in replying to a communication from Mr. Lloyd George, said:

"The United States fails to perceive the logic in a suggestion in effect either that the United States shall pay part of Germany's reparation obligation or that it shall make a gratuity to the Allied Governments to induce them to fix such obligation at an amount within Germany's capacity to pay. This Government has endeavored heretofore in a most friendly spirit to make it clear that it cannot consent to connect the reparation question with that of intergovernmental indebtedness."<sup>5</sup>

The policy thus set forth by President Wilson and Secretary Houston has been strictly adhered to both by Congress and by succeeding administrations. In passing the act creating the World War Foreign Debt Commission in 1922, Congress explicitly pro-

vided that the commission had no authority to exchange bonds or other obligations "of any foreign government for those of any other foreign government or cancellation of any part of such indebtedness except through payment thereof."

The only change in the attitude of Congress has been to authorize the various debt-funding agreements which were negotiated by the Debt Funding Commission. The United States Government, therefore, refuses to recognize any connection between reparation obligations which were imposed upon Germany by the victors in the war and the debts of the Allies to the United States which were contracted for the purpose of paying the United States for goods purchased in this country.

In their purely financial aspects, however, war debts and reparation are only aspects of the larger problem of paying for the war. The reparation settlement proposed by the Young committee definitely recognizes this connection by making German payments conform to the "outpayments" of the Allied Governments.

This report attempts to review impartially the more important factors involved in the whole problem of intergovernmental indebtedness arising out of the war. It reviews the proposed Young plan settlement, and shows its relationship to the Dawes plan and to the debt-funding agreements. Finally, it attempts to point out some of the larger economic implications involved in the financial liquidation of the war.

## REVIEW OF THE DAWES PLAN

The Dawes plan has been in operation since September 1, 1924. If the Young plan is adopted, the Dawes plan will cease to operate on September 1, 1929. During these five years the plan has worked smoothly, and Germany has met all of her payments in accordance with the conditions set forth. The Dawes plan, however, as its originators foresaw, was unsatisfactory in several particulars. In the first place, it left indefinite the total amount that Germany should be re-

quired to pay. Secondly, it imposed upon Germany an elaborate system of international economic supervision and control, which neither Germany nor the Allies desired to see continued indefinitely.

The Dawes plan established a "standard" German annuity of 2,500,000,000 marks (\$595,000,000) for an indefinite period, subject to increase upon the application of an "index of prosperity" to Germany's economic condition. Beginning on September 1, 1924, German payments were graduated up to the

4. H. G. Moulton, "The Inter-Allied Debts; Their Origin and Present Status," *Current History*, June, 1929, p. 371.

5. *Ibid.*, p. 371.



standard payment, which was reached in the annuity year 1929-1930. These pay-

ments and the source from which they were derived are set forth as follows:

### SCHEDULE OF ANNUAL GERMAN PAYMENTS

(In millions of gold marks)					
	First year	second	third	fourth	fifth.
From railways .....	200	595	550	660	660
From reparation loan .....	800				
From transport tax .....		250	290	290	290
From industries .....		125	250	300	300
From sale of preference shares of the railway company .....		250			
From ordinary budget resources .....			110	500	1,250
Supplementary budget contribution .....			300		
Totals .....	1,000	1,220	1,500	1,750	2,500

The Dawes plan provided that a portion of German payments should be made in kind; that is, by the delivery of actual goods and services to the creditor powers. It also required Germany to lay aside for reparation payments certain revenues which could not be used for any other purposes.

Germany therefore set aside the revenues derived from alcohol, tobacco, beer, sugar and customs. These revenues are under the supervision of a Commissioner of Controlled Revenue who sees to it that the funds are properly administered and that they are actually turned over to the reparation account. The railways, the Bank of Issue and German Railway Bonds are also placed under the control of foreign commissioners under the general supervision of the Agent General for Reparation Payments.

The Dawes plan was only a temporary expedient. It was generally agreed that sooner or later a permanent and more satisfactory settlement must be sought. S. Parker Gilbert, the American Agent General for Reparation Payments, took the initiative in suggesting a reconsideration of the whole matter. In the Report of the Agent General of December 10, 1927, he declared:

"As time goes on, and practical experience accumulates, it becomes always clearer that neither the reparation problem, nor the other problems depending upon it, will be finally solved until Germany has been given a definite task to perform on her own responsibility, without foreign supervision and without transfer protection. This, I believe, is the principal lesson to be drawn from the past three years, and it should be constantly in the minds of all concerned as the execution of the Plan continues to unfold."

### WORK OF THE YOUNG COMMITTEE

At a meeting in Geneva on September 16, 1928, the representatives of Germany, France, Great Britain, Italy, Belgium and Japan unanimously decided to establish a new committee of experts to work out "a complete and final settlement of the Reparation problem." After some delay the committee was finally appointed, and its first formal meeting was held in Paris on February 11, 1929, when Owen D. Young, one of the American delegates, was elected chairman.

The committee consisted of the following members:

Belgian experts: M. Emile Francqui, M. Camille Gutt: alternates; Baron Terlinden, M. H. Fabri.

French experts: M. Emile Moreau, M. Jean Parmentier: alternates; M. C. Moret, M. Edgar Allix.

German experts: Dr. Hjalmar Schacht, Dr. A. Voegler: alternates; Dr. C. Melchior, Dr. L. Kastl.<sup>6</sup>

British experts: Sir Josiah Stamp, G. B. E., Lord Revelstoke, G. C. V. O.: alternates; Sir Charles Addis, K. C. M. G., Sir Basil Blackett, K. C. B., K. C. S. I.<sup>7</sup>

6. On May 23 the German Government appointed L. Kastl a member of the committee, in the place of Dr. Voegler, who resigned the previous day.

7. Lord Revelstoke died on April 19, and Sir Charles Addis was appointed to succeed him.

Italian experts: Dr. Alberto Pirelli, M. Fulvio  
Suvich: alternates; M. Giuseppe Bianchini, M. Bruno Dolcetta.

Japanese experts: Kengo Mori, Takashi Aoki:  
alternates; Saburo Sonoda, Yasumune Matsui.

American experts: Owen D. Young, J. P. Morgan:  
alternates; Thomas N. Perkins, T. W. Lamont.

The terms of reference of the Young committee were set forth in the following words:

"The Belgian, British, French, German, Italian and Japanese Governments, in pursuance of the decision reached at Geneva on September 16, 1928, whereby it was agreed to set up a committee of independent financial experts, hereby entrust to the committee the task of drawing up proposals for a complete and final settlement of the reparation problem.

"These proposals shall include a settlement of the obligations resulting from the existing treaties and agreements between Germany and the creditor powers. The committee shall address its report to the governments which took part in the Geneva decision and also to the Reparation Commission."

In carrying out this mandate, the committee of financial experts, after more than seventeen weeks of deliberation, submitted its report to the governments concerned on June 7, 1929. This report, with notes and appendices, covers about 45,000 words. At the very outset it commends the spirit of the Dawes committee, and declares that "it is in this spirit that the present Committee have addressed themselves to rounding off the work of their predecessors, which was advisedly left incomplete. By determining the number and amount of the annuities, and by providing for the conversion of the reparation debt from a political to a commercial obligation, they have to the best of their ability, tried to perform the task committed to them of devising a scheme which might fairly be accepted by all parties concerned."

#### THE COMMITTEE'S REPORT

The outstanding features of the report of the Young committee are:

1. The establishment of a system of annuities extending over a period of 58½ years, from September, 1929 to March 1, 1988.
2. The provision that the last 22 years of Germany's payments should be paid out of a portion of the profits of the Bank of Interna-

tional Settlements, on condition that Germany makes a long-term deposit with the bank.

3. The recommendation that the system of deliveries in kind, which prevailed under the Dawes plan, should be continued only for the limited period of ten years, and in decreasing amounts.

4. The division of German payments into two categories; postponable and non-postponable annuities.

5. The protection of Germany by the provision that "the German Government by giving at least ninety days' previous notice shall have the right to suspend for a maximum period of two years from its due date all or part of the transfer of that part of the annuity described as postponable."

6. The provision of a means for mobilizing and commercializing a portion of the reparation obligations.

7. The abolition of the Reparation Commission and the administrative arrangements of the Dawes plan.

8. The establishment of a Bank of International Settlements to serve as administrative agent and trustee for German reparation payments, as well as to carry on international banking functions of a more general kind.

#### ANNUITIES UNDER THE YOUNG PLAN

The Young plan sets up a definite schedule of payments for Germany, running over a period of 58 years. For the first 37 years, Germany is required to pay an average annuity of \$473,700,000, to be distributed among the creditor powers as follows:

#### AVERAGE RECEIPTS FOR THE FIRST 37 YEARS UNDER THE YOUNG PLAN<sup>8</sup>

(In millions of dollars)

	Amount	Percentage
France .....	249.3	52.7
British Empire ...	97.4	20.6
Italy .....	50.9	10.7
Belgium .....	27.5	5.8
Rumania .....	4.8	1.0
Serbia .....	20.0	4.2
Greece .....	1.7	.4
Portugal .....	3.1	.7
Japan .....	3.1	.7
Poland .....	0.12	.03
U. S. A. ....	15.7	3.3
Total .....	473.7	100.0

For the remaining twenty-two years German payments are substantially reduced and special provisions are made for their payment.

<sup>8</sup> Cf. Annex I, p. 218. In this table and all others where amounts are expressed in dollars, \$0.2382 has been used as the equivalent of the mark.

The Young plan provides that German payments be divided into postponable and non-postponable annuities. The non-postponable annuities amount to about \$157,000,000 and run for 37 years. France receives about \$120,000,000 of this, and part of it is used to cover the service on the German external loan of 1924. In case Germany's exchange and economic life are seriously endangered, the German Government, by giving at least 90 days' notice, shall have the right to suspend transfer, for a maximum period of two years, of the postponable portion of the annuities, subject to the supervision of a special committee consisting of the governors of the central banks and four co-opted members. "At any time when postponement of transfer is in effect, but not until one year after it has become effective, the German Government shall have the right to postpone payment for one year of 50 per cent of any sum the transfer of which shall then be susceptible of postponement. . . ." This percentage may be increased upon the recommendation of the Advisory Committee. The liability of the German Government with regard to postponed annuities obtains, however, until these payments have actually been transferred in full to the Bank of International Settlements.

#### SOURCE OF PAYMENTS

The annuities are to be derived from two sources: (1) the German Railway Company, and (2) the Budget of the Reich.

Under the German railway law of August 30, 1924, which was enacted in accordance with the provisions of the Dawes plan, the German Railway Company is subject to a mortgage of 11,000,000,000 gold marks. The bonds issued under this obligation bear interest at 5 per cent, and carry a sinking fund of 1 per cent, which first became operative on September 1, 1927, interest and sinking fund being guaranteed by the German Government.

The Young plan recommends the abolition of the Railway Bonds along with all foreign participation in the management of German railways, and in its place recommends that "the Railway Company shall be under an obligation to pay for 37 years a direct tax comprising if necessary the Transport Tax

to an annual amount of 660,000,000 reichsmarks (\$157,000,000), being equal to the non-postponable annual amount of the annuity. This tax shall be imposed by German legislation, and the receipts therefrom guaranteed by the German Government. The Railway Company shall deposit with the Bank of International Settlements a certificate acknowledging its liability in respect of this obligation."

The obligation thus imposed upon the German Railway is to enjoy priority over any other tax upon this railway which exists now, or which may be levied in the future. It is given priority over any other charge, by way of mortgage or otherwise, on the company. It is to be paid directly into the Bank of International Settlements.

Aside from the German Railway Company contribution, the only other source for the payment of the German annuities for the first 37 years is the budget. Under the Dawes plan, the contribution from the government budget in the "standard" years amounted to 1,250,000,000 gold marks (about \$297,500,000). As the amount contributed by the German Railway Company continues for 37 years at the fixed level of 660,000,000 reichsmarks, the charge on the budget of the Reich varies with the total amount of the annuity. In the second year, therefore, the budget contributes 1,137,400,000 reichsmarks (\$270,700,000) and rises to a maximum of 1,768,800,000 reichsmarks (\$421,000,000) in the 37th year. After that, the contribution from the German Railway ceases, the annuity falls sharply, and the budget contribution covers the whole of the German liability for the remainder of the duration of the plan.

#### LAST TWENTY ANNUITIES

In paying the last twenty-two annuities, Germany will be assisted by the profits of the Bank of International Settlements. Twenty-five per cent of the profits of the Bank of International Settlements will be paid into a special fund, to be used in paying the last twenty-two annuities, providing Germany elects to make a long-term deposit with the bank, amounting to 400,000,000 reichsmarks. Seventy-five per cent of the yearly net profits will go to the governments

or central banks of the creditor countries or Germany which maintain time deposits with the bank in proportion to the size of the deposits maintained by the respective governments. If Germany elects to make a deposit amounting to less than 400,000,000 reichsmarks, the participation of the German Government in the fund will be reduced proportionately and the balance will be added to the seventy-five per cent available to the creditor governments. This fund will carry compound interest at the maximum current rate paid by the bank on time deposits. In case the fund should exceed the amount required to pay the last twenty-two

annuities, the balance will be distributed among the creditor governments in proportion to the outpayments on account of war debts during that period.

#### PAYMENTS IN KIND

In settlement of a proportion of her annuities, the Young plan provides that Germany shall continue making deliveries in kind for the limited period of ten years, and in decreasing amounts. The amount and distribution of the deliveries in kind are shown in the following table:

#### DELIVERIES IN KIND

(In Millions of Dollars)

Year	Total	France	Gt. Britain	Italy	Belgium	Japan	Yugoslavia	Portugal	Russia	Greece
1st	178.7	97.3	41.2	17.9	8.0	1.3	8.9	1.3	2.0	.7
2nd	166.7	90.8	38.5	16.7	7.5	1.2	8.3	1.2	1.8	.7
3rd	154.8	84.3	35.7	15.5	7.0	1.2	7.7	1.2	1.7	.6
4th	142.9	77.8	33.0	14.3	6.4	1.1	7.1	1.1	1.6	.6
5th	131.0	71.3	30.2	13.1	5.9	1.0	6.6	1.0	1.5	.5
6th	119.1	64.9	27.5	11.9	5.4	.9	6.0	.9	1.3	.5
7th	107.2	58.3	24.7	10.7	4.8	.8	5.4	.8	1.2	.4
8th	95.3	51.9	22.0	9.5	4.3	.7	4.8	.7	1.0	.4
9th	83.4	45.4	19.2	8.3	3.7	.6	4.2	.6	.9	.3
10th	71.5	39.0	16.5	7.2	3.0	.5	3.6	.5	.8	.3
Distribution Percentage	100.0	54.45	23.05	10.0	4.5	0.75	5.0	0.75	1.1	0.4

#### MOBILIZATION AND COMMERCIALIZATION

The Young plan provides that Germany's debt shall be fixed in the form of annuities, and that a certificate of indebtedness representing these annuities shall be delivered to the bank as trustee of the creditor powers. "To this certificate of indebtedness shall be attached coupons representative of each annuity payable by Germany. Each annuity coupon shall be divided into two parts, the first representative of the portion of the annuity not subject to postponement, and corresponding to the portion of Germany's indebtedness which is mobilizable, the second representative of that portion of the annuity which is subject to transfer postponement, and corresponding to the portion of Germany's indebtedness which is not mobilizable." Upon the request of any of the creditor governments, the bank may, at its discretion, require Germany to issue bonds for all or any part of the non-postponable

annuities, these bonds to be sold upon the open market.

France will be the chief beneficiary under this provision. "The experts of the principal creditor powers have agreed that there shall be assigned to France out of the unconditional annuities, 500,000,000 reichsmarks, in order to allow her to mobilize a substantial part of her share in the total annuities."

#### THE INTER- NATIONAL BANK

In order to establish permanent peace-time machinery for the expeditious collection and transfer of reparation payments, the Young plan recommends the establishment of a Bank of International Settlements. At the same time, the committee recommends the abolition of the present machinery and control of the Dawes plan and the Reparation Commission. The considerations which led to the elaboration of the bank plan were:



the necessity of some international agency to act as trustee for the reparation obligations; the need of a common center of action and authority for the purpose of organizing and controlling the mobilization and commercialization of reparation; the need for special machinery to finance and supervise deliveries in kind and to act in connection with the declaration of any postponement of the postponable part of Germany's annuities; and the need for some agency of transfer which would recognize the larger aspects of the transfer problem, and thus be prepared to promote the increase of world trade by financing projects, particularly in undeveloped countries, which might otherwise not be attempted by the ordinary banking agencies. Although, as the committee points out, "the essential Reparation functions of the bank were such as to form a solid reason for its existence," the committee was "led inevitably to add to those reasons the auxiliary but none the less material advantages it might have in the general position of present international finance."

The Young plan makes it clear that the operation of the Bank of International Settlements "will be assimilated to ordinary commercial and financial practice" and aside from its functions in connection with reparation, the committee is careful not to limit unduly the scope of its operations. The purpose of the bank as set forth in the plan is "to provide additional facilities for the international movement of funds, and to afford a ready instrument for promoting international financial relations. In connection with the German reparation annuities, it shall perform, as trustee for the creditor countries, the entire work of external administration of this plan, shall act as the agency for the receipt and distribution of funds, and shall supervise and assist in the commercialization and mobilization of certain portions of the annuities."

#### ORGANIZATION OF THE BANK

For the purpose of taking the preliminary steps for putting the bank project into effect, a temporary organization committee is to be formed. This committee is to be appointed by the governors of the central banks of the seven countries to which mem-

bers of the Young committee belong. The governor of each of these seven central banks is entitled to have two members of the organization committee. With American policy in mind, it is provided that if for any reason the governor of any of these central banks is unable officially or unofficially to designate members of the organization committee, the governors of the other central banks are authorized to invite two fellow-nationals of the governor not participating to act as members of the committee. Decisions will be made by a three-fourths vote of the members of the committee. The organization committee is instructed to draw up a charter for the bank in accordance with the conditions outlined by the Young committee. They are instructed to arrange for "such matters as are usual in banking organization and in particular provide for the following:

"1. The qualifications for membership on the board of directors.

"2. The nature and duties of the permanent committees of the Board of Directors, including the executive committee.

"3. The administrative departments to be created within the bank.

"4. The time and place of the meetings of the Board of Directors and of the executive committee.

"5. The form to be used for the convocation of the general meeting, as well as the conditions and the methods for exercising voting rights on the part of representatives of central banks.

"6. The form of trust certificates which the bank shall issue to the creditor governments under the plan.

"7. Provisions with regard to liquidation of the bank."

#### DIRECTORATE AND MANAGEMENT

The entire administrative control of the bank is to be vested in a Board of Directors, to be constituted as follows: The governor or the chief executive officer of the central bank of each of the seven countries to which members of the Young committee belong, or a person nominated by him, will be ex-officio director of the bank. Each of these ex-officio directors is empowered to appoint another national of his country to a directorship. During the period of German annuities, the governor of the Bank of France and

the president of the Reichsbank may, if they desire, each appoint one additional director of their own nationality. The governor of the central banks of each of the other countries participating in the share-ownership of the bank is empowered to nominate four candidates of his own nationality, two of whom are to be representative of finance and two of industry or commerce. The governors of the central banks may themselves be included in the list of nominees. From these lists the fourteen or sixteen directors from the seven countries originally participating in the Young plan will choose not more than nine other directors. The Board of Directors will elect its own chairman. Ordinary decisions of the board will be made by simple majority vote, but a change in the statutes of the bank requires a two-thirds majority.

#### SHARE CAPITAL

The authorized capital of the bank will be "the round equivalent of \$100,000,000." Only 25 per cent of each share will be paid in at the time of the organization of the bank. The seven countries represented on the Young committee will always be allocated shares in equal amounts. The central banks, or other banking groups to which there is no objection by any member bank of the seven countries, will guarantee the subscription of the whole of the first stock issue. They may, however, permit central banks or banking groups in other countries to buy stock in the first issue, not exceeding the equivalent of \$4,000,000 for each, and \$44,000,000 in all. If the authorized capital of the bank should be increased, the distribution of additional shares among countries will be decided by a two-thirds majority of the directors in proportion to the distribution of the original shares. In order to keep the control in the hands of the seven original member countries, it is provided that the total shares issued in the seven countries shall not fall below 55 per cent of the total stock.

Although the shares are owned by private individuals, voting rights are held only by the central or other participating banks, in proportion to the number of shares origi-

nally issued in the respective countries. These voting rights will be exercised by representatives of the participating banks in the general meeting of the Bank of International Settlements, which takes the place of a general meeting of shareholders.

The Young plan sets forth in some detail the functions of the bank and the scope of its operations. These may be classified under two general heads: first, its reparation function as a trustee and depository for German payments; and second, its more strictly banking functions, and its general relationship to world financial institutions.

#### THE TWO PLANS COMPARED

The Young plan brings an entirely new solution to the reparation problem.

The Dawes plan was definitely an emergency measure. Its function was to provide a breathing spell until the economic and emotional upheavals of the war should have subsided, and the whole problem could be reconsidered in a new spirit. The Young committee met, charged with the responsibility of making a final settlement on a sound economic basis and so giving Europe the financial certainty which every country so much desired.

For the first time in the history of the reparation controversy, Germany has participated on a basis of equality with the governments of the Allied Powers in the deliberations of the Young committee. Moreover, the Young plan grants financial autonomy to Germany. It abolishes the Reparation Commission, the Transfer Committee, and the whole system of pledged revenues, foreign supervision and control.

The Young plan provides a system of annuities covering a period of 58 years. For the first 37 years, the average annuity will be more than \$100,000,000 less than the standard annuity set up by the Dawes plan, and in the last twenty-two years German payments are still further reduced, and provision is made under certain conditions for their payment out of the profits of the Bank of International Settlements. The loss to the creditor countries involved in this reduction

in the German annuities is, however, offset by the advantages of certainty, and the mobilization and commercialization features of the new plan.

The report of the Young committee summarizes the advantages of the new plan in comparison with the Dawes plan as follows:

"The proposed plan continues and completes the work begun by the Dawes Plan, which the position alike of Germany and of the other countries made it impossible to do more than indicate in outline in 1924. By the final reduction and fixation of the German debt, by the establish-

ment of a progressive scale of annuities, and by the facilities which the new bank offers for lessening disturbance in the payment of the annuities, it sets the seal on the inclusion of the German debt in the list of international settlements. If it involves appreciable reduction of payments to the creditor countries on what might have been anticipated under the continued operation of the Dawes Plan, it at the same time eliminates the uncertainties which were inherent in that plan, and were equally inimical to the interest of the debtor and to the creditors, by substituting a definite settlement under which the debtor knows the exact extent of his obligations."<sup>9</sup>

### THE YOUNG PLAN AND THE INTER-ALLIED DEBTS

Perhaps the most distinctive feature of the Young settlement is the clear and unmistakable recognition of the economic and financial connection between war debts and reparation.

In the first place, the period over which German reparation payments are to run is made to correspond with the period of the war debt payments. In the second place, the amounts of the German annuities and the condition of their payment are explicitly related to what the Young report discreetly designates as "outpayments" of the Allied countries.

The French Chamber of Deputies in ratifying the Mellon-Berenger Agreement on July 21, 1929 made it clear that French payments to the United States were dependent upon receipts from Germany. The Chamber of Deputies ratified the agreement without reservations, but in a separate resolution declared that the charges imposed upon France by the two accords should be covered by German reparation payments. Thus, if Germany should default in her payments to France under the Young plan, the French Government would doubtless ask the United States and Great Britain for a revision of the debt agreements.

In a special memorandum of the principal creditor powers and of Germany, signed concurrently but not as a part of the Young report, it was agreed that the amounts in the table that follows will be required to cover "outpayments."

#### "OUTPAYMENTS" TO BE COVERED BY GERMAN ANNUITIES<sup>10</sup>

Annuity year	(Millions of dollars)	Annuity year	(Millions of dollars)
2	229.9	26	359.5
3	224.5	27	358.3
4	237.1	28	357.1
5	270.7	29	358.9
6	285.6	30	366.5
7	291.6	31	361.0
8	302.9	32	363.3
9	317.8	33	367.6
10	321.2	34	365.6
11	327.5	35	368.6
12	354.3	36	368.5
13	342.5	37	374.9
14	346.6	38	373.2
15	345.7	39	373.0
16	348.9	40	375.4
17	348.0	41	378.5
18	347.0	42	381.8
19	350.7	43	384.2
20	349.5	44	386.2
21	348.1	45	387.1
22	358.2	46	387.7
23	354.3	47	389.3
24	355.2	48	390.1
25	356.8	49	391.7

The memorandum further provides that Germany shall profit by any reduction in war debt payments by stating that "in the event of modifications of those obligations for outpayments by which the creditors benefit, there should be some corresponding mitigation of the German annuities. . . . Any relief which any creditor power may effectively receive in respect of its net outward payments on account of war debts, after making due allowance for any material or

9. *Report of the Experts' Committee, 1929, Part XI.*

10. *Special Memorandum of the Experts of the Principal Creditor Powers and of Germany Regarding Outpayments.* Signed concurrently with the report of the Committee of Experts.

financial counter-considerations, and after taking into account any remissions on account of war debt receipts which it may itself make, shall be dealt with as follows:

"As regards the first 37 years,

"a. Germany shall benefit to the extent of 2/3 of the net relief available by way of a reduction in her annuity obligations thereafter.

"b. One-third of the net relief shall be retained by the creditor concerned in addition to the amounts otherwise receivable from Germany.

"c. Nevertheless, so long as any liability of Germany persists in respect of the period after the 31st March, 1966, the creditor concerned will retain annually only  $\frac{1}{4}$  part of the net relief, the balance being paid to the Bank of International Settlements.

"d. These payments to the Bank of International Settlements shall accumulate to assist Germany toward meeting her liabilities in respect of the period after the 31st March, 1966. . . ."

As regards the last twenty-two years, the plan provides that the whole of any reduction in the amount of the war debts shall be applied to the relief of Germany's liabilities.

#### THE YOUNG PLAN AND AMERICAN POLICY

Although Americans have played a conspicuous and indispensable part in helping to solve the reparation problem, the United States Government has maintained throughout an official aloofness. Roland W. Boyden and later James A. Logan unofficially represented the United States on the original Reparation Commission. Secretary Hughes, in a speech at New Haven on December 29, 1922, was the first to propose a committee of experts to examine Germany's reparation problem. On the first committees of financial experts, General Charles G. Dawes, Owen D. Young and Henry M. Robinson played conspicuous rôles. Owen D. Young and S. Parker Gilbert acted successively as Agent General for Reparation Payments under the Dawes plan. And Owen D. Young, J. P. Morgan, T. W. Lamont and T. N. Perkins took a leading part in the formulation of the Young plan. Throughout all this, however, the United States Government has refused its official participation.

Except for American claims for the cost of the Army of Occupation, and mixed claims of American citizens against Germany, the United States has no interest in

German payments. It has taken the attitude that reparation is essentially a European problem in which the New World has no concern. American policy toward reparation is derived from two sources: first, its traditional foreign policy of remaining aloof from the affairs of Europe; secondly, and what is probably more important, its refusal to recognize any connection between reparation on the one hand and the payment of war debts on the other. According to the official American view, the collection of reparation by the Allied Governments has nothing whatsoever to do with the obligations of the Allied Governments to the United States for supplies purchased in this country by the Allies. As previously pointed out in this report, the United States has consistently pursued this policy under both Democratic and Republican administrations.

While the United States has, in concluding debt-funding agreements with its debtors, expressly followed the principle of capacity to pay, and while it seems sufficiently obvious that the ability of the Allied Governments to pay their war debts to the United States must be to some extent dependent on their success in collecting reparation payments, there are nevertheless reasons for the insistence of the United States Government on the different character of these two forms of obligation. Upon this distinction rests the whole case for the collection of the war debts.

The United States is the only nation which emerged from the war without foreign financial obligations. During the war the United States financed her own war activities, and in addition loaned more than \$10,000,000,000 to foreign countries, entirely by taxing and borrowing from her own people. At the outbreak of the European war the public debt of the United States was negligible, amounting to less than \$1,000,000,000; at the close of the war, in spite of drastic increases in rates of taxation, the public debt of the United States stood at about \$27,000,000,000.

If there should be a general cancellation, as proposed, for example, by Great Britain, the United States, as the general creditor, would suffer the greatest immediate loss.



On June 18, 1929, President Hoover made it clear that the United States was not a party to the Young agreement. He said:

"Our government is not a party to that agreement and therefore would not be a signatory to it. There is no occasion to submit the agreement to Congress. The only point for Congressional action is an authority to the Administration to reduce Germany's treaty obligations in respect to the comparatively minor items of army occupation costs and mixed claims."<sup>11</sup>

In the effort to avoid even an appearance of participation in the collection of reparation, Secretary Stimson on May 16, 1929 announced that the United States would not be a member of the Bank of International Settlements. He said:

"While we look with interest and sympathy upon the efforts being made by the committee of experts to suggest a solution and settlement of the vexing question of German reparation, this government does not desire to have any American official, directly or indirectly, participate in the collection of German reparation through the agency of a bank or otherwise."<sup>12</sup>

The policy of the administration will mean that some American bank other than the Federal Reserve Bank will unofficially participate in the international bank. The Young plan provides that if for any reason the governor of any of the central banks should be unable to participate officially or unofficially in the establishment of the Bank of International Settlements, the governors of the other central banks will invite two fellow-nationals of the governor not participating to act in his place.

#### POSITION OF THE PRINCIPAL COUNTRIES

As the Young plan recognizes, there are three outstanding categories of indebtedness that make up the intergovernmental financial obligations of the principal countries that participated in the war:

1. The reparation settlement.
2. War debts of the Allied countries to the United States.
3. War debts of the Allies to Great Britain.

The position of Germany as the general

debtor has already been set forth. For the first thirty-seven years she must pay an average annuity of \$473,000,000. The United States, on the other hand, is the general creditor, being due to receive annual payments from its debtors of from \$213,000,000 to \$415,000,000 a year from twenty different countries. Great Britain occupies a middle position, being both a debtor and a creditor on a large scale. In addition to receipts from Germany averaging \$97,400,000 for the first thirty-seven years, she is due to receive from France and Italy payments averaging \$62,200,000 and \$21,400,000 respectively. Great Britain also has debt-funding agreements with ten smaller countries, and is the creditor of a number of other governments which have not yet funded their indebtedness to her. At the same time she is required to pay the United States an average of \$177,300,000 a year for the next thirty-seven years—an amount approximately equal to that which Great Britain expects to receive from Germany and all her European debtors combined.<sup>13</sup>

#### BRITISH OBJECTIONS

Great Britain's debt policy is that set forth in the Balfour note of August 1, 1922:

"The policy favored by His Majesty's Government is that of surrendering their share of German reparation, and writing off, through one great transaction, the whole body of interallied indebtedness. But, if this be found impossible of accomplishment, we wish it to be understood that we do not in any event desire to make a profit out of any less satisfactory arrangement....

"In no circumstances do we propose to ask more from our debtors than is necessary to pay to our creditors, and, while we do not ask for more, all will admit that we can hardly be content with less."

It is the view of the British Government that the Young plan is in certain respects inconsistent with the principles of the Balfour note. Mr. Philip Snowden, Chancellor of the Exchequer, speaking in the House of Commons on July 26, 1929, raised several objections to the Young plan for this and other reasons. He stated in the first place that his government is willing to agree to the amounts proposed for German annuities; but it must object, he said, to the proposal

11. F. P. A. News Bulletin, Vol. VIII, No. 35, July 5, 1929.

12. Ibid.

13. Cf. p. 216 for statement re present British deficit of \$1,000,000,000 of which the Young Plan takes no account.

that five-sixths of the unconditional or non-postponable German annuities are to be allotted to France, while Great Britain is asked to content itself almost entirely with postponable annuities. The latter may come in with the greatest degree of irregularity, although Great Britain's outpayments to the United States will have to continue regularly in the meantime. He objected, moreover, to the extension of the arrangement for German deliveries in kind. These, as Mr. Lloyd George had already explained, have never been approved by Great Britain, since they permit Germany to pay her reparations and liquidate her arrears by getting rid of goods which she cannot dispose of otherwise. Great Britain, as an exporting country, cannot agree, unless it is forced to do so, to the prolongation of deliveries in kind which have been due to terminate in 1929.

Another objection to the Young plan raised by the Chancellor of the Exchequer related to the change embodied therein in the percentages for distribution of German annuities. Since 1920 these percentages have remained as they were fixed at the Spa conferences. The Young plan reduces the British percentage by what would amount to an annual average of about \$12,000,000, Italy's percentage being increased by almost the same amount. Now the Young plan in itself provides that Great Britain shall receive from its continental creditors practically the same amounts that she will have to pay to the United States. But it takes no account, Mr. Snowden pointed out, of the fact that already Great Britain has paid to the United States about \$1,000,000,000 more than she has got from her continental debtors, including Germany. If the Spa percentages for distribution of annuities had been retained, something would have been done toward meeting this billion-dollar deficit, representing a loss not anticipated by the Balfour note and a sacrifice greater than the British Government is willing to meet.

Under the terms of the Young plan settlement, apart from the abandonment of this deficit, arrangement is made for observance of the policy outlined in the Balfour note. In the future whatever excess Great Britain effectively receives in the early years of payments under the Young plan and the debt-

funding agreements will later be paid into the international bank to the credit of her debtors. Thus, in the last three years of the operation of the Young plan, Great Britain will return to the bank from \$88,600,000 to \$98,600,000 of excess receipts over payments accumulated in previous years.

The position of the other countries as debtors and creditors for the next thirty-seven years is set forth as follows:

**ANNUAL AVERAGE RECEIPTS AND  
PAYMENTS**  
(In millions of dollars)

	Receipts from Germany	Payments to Great Britain	United States
France ...	249.3	62.2	108.4
Italy .....	50.9	26.4	26.4
Belgium ..	27.5		11.7

**LARGER ASPECTS OF  
THE DEBT SETTLEMENT**

If the Young plan is adopted, practically all the outstanding intergovernmental obligations left by the war will be definitely funded.

The real settlement of these obligations cannot be accomplished, however, merely by the negotiation of formal debt-funding agreements. The economic settlement of these obligations involves profound adjustments in world trade which must have their effect upon the industry and commerce of all the nations concerned.

There are two aspects of the problem involved in the economic settlement of international obligations of this magnitude. In the first place, it is necessary for the debtor country to produce within its own borders enough goods not only to supply the demand of its own people directly, or indirectly by exchange for foreign produce, but it must also produce a sufficient surplus to meet its own capital needs, and over and above that, enough to pay its foreign commercial and governmental debts. In the second place, it is necessary for the debtor government to transfer these payments abroad. In other words, the debtor country must have sold a sufficient amount of its goods and services in foreign countries to make available foreign exchange to meet its obligations, or it

must resort to foreign borrowing, thereby increasing those foreign obligations still further and thus aggravating the problem.

Most of the principal Allied countries are due to receive from Germany more than they are required to pay on account of war debts. Thus, although under the Young plan it is true that Great Britain's receipts and payments roughly balance, Belgium and France both receive from Germany somewhat more than they are required to pay and Italy receives a small surplus over her payments to the United States and Great Britain. Germany, however, as the general debtor, is required to pay for the first thirty-seven years of the Young agreement an average of \$472,000,000 a year, in addition to the amount that private individuals must pay as interest on a commercial debt of between \$1,500,000,000 and \$2,000,000,000; while the United States must receive an average of from \$200,000,000 to \$400,000,000 a year on account of war debts, in addition to interest on the private investments of American citizens abroad amounting to about \$9,000,000,000 net.<sup>14</sup>

Assuming that an economic settlement of these obligations were to be brought about, the value of German exports of goods and services must exceed the value of her imports of goods and services by a sufficient amount to pay this large governmental debt, plus the interest on her private commercial debts abroad. Conversely, the United States must import goods and services whose value exceeds the value of American exports by the amount of the annual receipts of the United States Government on account of war debts, plus the interest due to private American citizens on their foreign investments.

The United States has, in fact, and will probably continue for some time to have an export balance of goods and services in her current balance of international payments; which is to say that she is a heavy exporter of capital. Germany, on the other hand, has been for the last five years a heavy importer of capital, having borrowed on private ac-

count more than the German Government has been required to pay on account of reparation. Even under the best conditions, it is open to question whether Germany will be able within the next few years to improve her trade balance sufficiently to pay her governmental and private obligations by an actual export surplus of goods and services.

This does not mean, of course, that Germany will be unable to pay her obligations under the Young plan, or that the United States will be unable to receive payment on war debts. It does mean that the United States will continue to increase its foreign investments, and that Germany will probably continue for some time to borrow from abroad, thus increasing the amount she will ultimately be required to pay.

As far as the United States is concerned, there is no problem involved. While American producers have an export surplus and American investors find a more profitable field for their capital in foreign enterprises, the United States will continue to export capital and foreigners will have no difficulty in getting American exchange with which to pay their war debts. The receipts of the United States Government on account of war debts are so small in proportion to the total items in the American balance of international payments as to be almost negligible.

The United States is due to receive under her debt-funding agreements with fourteen countries an average of from \$230,000,000 to \$414,000,000 a year. This is a relatively small sum in comparison with our receipts from foreigners (*i. e.* all our imports from goods and services, including tourist expenditures) of more than \$10,000,000,000 in 1928. Even with an extensive investigation of all the factors involved, it would be impossible to predict whether or not Germany will be able to meet her foreign obligations. The fact, however, that Germany has been paying her creditors only by means of foreign borrowing is not in itself indicative of an unsound economic situation. In fact it may be indicative of her economic progress. Germany is, and may continue to be, a capital-importing country, just as the United States was before the war; and so long as German industry and commerce continue to expand and progress, Germany will continue

14. The gross amount of foreign securities held by Americans is estimated by Dr. Max Winkler at more than \$15,000,000,000. When the long- and short-term investments of foreigners in the United States is subtracted, however, the net investment of the United States is about \$9,000,000,000, according to the Department of Commerce. Ray Hall, *The Balance of International Payments of the United States, 1929*, p. iv.

to attract foreign investors. If, however, a severe business depression should take place in Germany, the German Government might be unable to secure sufficient foreign currency to transfer the reparation payments, even if it succeeded in raising the money by taxation.

If Germany is to meet her foreign obligations, she must look forward to a considerable expansion of her foreign trade. In doing this, she is confronted with intense foreign competition, since all of the great commercial nations are seeking markets.

Moreover, the progress of world trade, upon which in the final analysis depends the ultimate settlement of all these intergovernmental debts, is severely impeded by such artificial trade barriers as exorbitant tariffs.

As the authors of the Young plan realized in formulating the project for an international bank, the key to the settlement of the reparation problem lies in an increase in world commerce and world prosperity. The Bank of International Settlements may be a powerful agency toward the accomplishment of this purpose.

## ANNEX I

### DISTRIBUTION OF ANNUITIES UNDER THE YOUNG PLAN

(In Millions of Dollars)

Year	France	Brit. Emp.	Italy	Belgium	Rumania	Serbia	Greece	Portugal	Japan	Poland	U. S. A.	Total
'29-30	99.8	12.6	10.1	16.8	—	17.2	—	1.4	3.1	0.12	15.7	177.0
30-1	214.5	87.4	37.2	23.4	2.4	18.9	.9	3.1	3.1	0.12	15.8	406.8
31-2	199.8	86.2	45.5	24.4	2.9	18.9	1.6	3.1	3.1	0.12	15.7	401.4
32-3	209.5	86.8	46.8	25.2	3.1	18.9	1.6	3.1	3.1	0.12	15.7	413.6
33-4	209.4	108.3	45.8	23.9	3.3	17.2	1.7	3.0	2.8	0.10	14.1	429.8
34-5	224.4	107.2	46.1	24.5	3.5	17.3	1.7	3.0	2.8	0.10	14.1	444.7
35-6	229.4	106.1	46.5	26.2	3.8	17.3	1.7	3.0	2.8	0.10	14.1	450.9
36-7	239.4	104.3	47.0	27.8	4.1	17.6	2.0	3.0	2.8	0.10	14.1	462.0
37-8	245.9	107.9	47.3	27.3	4.4	17.0	2.0	3.0	2.7	0.10	13.6	470.9
38-9	250.6	106.7	47.7	27.3	4.5	17.1	2.0	3.0	2.7	0.10	13.6	475.3
39-40	259.0	105.4	48.6	27.9	5.6	17.7	2.0	3.2	2.8	0.10	14.1	486.6
40-1	281.1	109.0	50.4	27.9	4.8	18.1	2.0	3.2	2.8	0.10	14.1	513.4
41-2	279.3	108.8	53.1	29.5	4.8	20.0	2.0	3.4	3.1	0.12	15.7	519.4
42-3	283.8	106.2	53.7	29.6	4.9	21.0	2.0	3.4	3.1	0.12	15.7	523.6
43-4	283.6	104.8	54.2	29.6	5.0	21.0	2.0	3.4	3.1	0.12	15.7	522.7
44-5	283.6	107.3	54.9	29.5	5.0	21.1	2.0	3.4	3.1	0.12	15.7	525.8
45-6	283.6	104.7	55.6	29.6	6.1	21.1	2.0	3.4	3.1	0.12	15.7	524.9
46-7	283.0	103.0	56.1	29.6	6.8	21.1	2.0	3.4	3.1	0.12	15.7	523.9
47-8	282.3	106.5	56.5	29.6	7.4	21.1	2.0	3.4	3.1	0.12	15.7	527.7
48-9	282.3	104.7	57.0	29.6	7.0	21.1	2.0	3.4	3.1	0.12	15.7	526.4
49-50	297.5	104.8	59.1	32.1	7.4	23.8	1.9	3.6	3.6	0.12	18.1	551.9
50-1	304.4	105.0	62.0	32.1	7.4	23.8	1.9	3.6	3.6	0.12	18.1	562.1
51-2	297.4	105.0	65.0	32.1	7.4	23.8	1.9	3.6	3.6	0.12	18.1	558.2
52-3	297.3	105.0	65.6	32.1	7.4	23.8	1.9	3.6	3.6	0.14	18.1	558.9
53-4	297.3	106.2	66.3	32.1	7.4	23.8	1.9	3.6	3.6	0.14	18.1	560.4
54-5	297.3	108.1	67.0	32.1	7.4	24.0	1.9	3.6	3.6	0.14	18.1	563.3
55-6	297.3	105.9	68.0	32.1	7.4	24.1	1.9	3.6	3.6	0.14	18.1	562.0
56-7	297.3	103.6	68.8	32.1	7.4	24.1	1.9	3.6	3.6	0.14	18.1	560.6
57-8	304.5	97.0	69.7	32.1	7.4	24.3	1.9	3.6	3.6	0.14	18.1	562.6
58-9	310.1	97.7	70.7	32.1	7.4	24.6	1.9	3.6	3.6	0.14	18.1	570.2
59-60	304.5	97.3	71.4	32.1	7.4	24.6	1.9	3.6	3.6	0.14	18.1	564.7
60-1	304.5	96.7	74.0	32.1	7.4	24.9	1.9	3.6	3.6	0.14	18.1	567.0
61-2	304.5	98.1	76.5	32.1	7.4	25.2	1.9	3.6	3.6	0.14	18.1	571.3
62-3	304.4	95.4	77.4	32.1	7.4	25.2	1.9	3.6	3.6	0.14	18.1	569.0
63-4	304.4	97.7	78.1	32.1	7.4	25.2	1.9	3.6	3.6	0.14	18.1	572.3
64-5	304.4	96.8	78.8	32.1	7.4	25.2	1.9	3.6	3.6	0.14	18.1	572.2
65-6	309.3	97.8	79.7	32.1	7.4	25.2	1.9	3.6	3.6	0.14	18.1	578.5
66-7	189.2	85.1	69.2	12.6	7.6	5.4	2.3	2.0	—	—	9.7	383.0
67-8	189.2	82.6	70.3	12.6	8.8	5.4	2.3	2.0	—	—	9.7	382.8
68-9	188.4	83.2	72.0	12.6	9.5	5.4	2.3	2.0	—	—	9.7	385.1



Year	France	Brit. Emp.	Italy	Belgium	Rumania	Serbia	Greece	Portugal	Japan	Poland	U. S. A.	Total
69-70	187.6	84.7	73.7	12.6	10.2	5.4	2.3	2.0	—	—	9.7	388.3
70-1	187.6	86.0	75.7	12.7	10.2	5.4	2.3	2.0	—	—	9.7	391.5
71-2	187.5	86.2	78.0	12.6	10.2	5.4	2.3	2.0	—	—	9.7	394.0
72-3	187.5	87.3	79.1	12.6	10.2	5.4	2.3	2.0	—	—	9.7	396.9
73-4	187.4	87.0	80.1	12.6	10.2	5.4	2.3	2.0	—	—	9.7	396.8
74-5	187.6	86.8	81.1	12.6	10.2	5.4	2.3	2.0	—	—	9.7	397.4
75-6	187.4	86.8	82.1	12.7	10.2	5.4	2.3	2.0	—	—	9.7	399.0
76-7	187.3	86.7	83.6	12.7	10.2	5.4	2.3	2.0	—	—	9.7	399.9
77-8	187.2	87.0	85.0	12.7	10.2	5.4	2.3	2.0	—	—	9.7	401.5
78-9	187.2	87.0	87.5	12.7	10.2	5.4	2.3	2.0	—	—	9.7	403.9
79-80	187.2	86.9	88.8	12.6	10.2	5.4	2.3	2.0	—	—	9.7	405.0
80-1	187.1	86.6	91.8	12.6	10.2	5.4	2.3	2.0	—	—	9.7	407.6
81-2	187.1	87.1	95.3	12.7	10.2	5.4	2.3	2.0	—	—	—	402.0
82-3	187.0	86.5	97.0	12.7	10.2	5.4	2.3	2.0	—	—	—	403.0
83-4	186.9	88.6	97.6	12.7	10.2	5.4	2.3	2.0	—	—	—	405.7
84-5	186.9	82.5	99.2	12.6	10.2	5.4	2.3	2.0	—	—	—	401.0
85-6	186.8	-98.6 <sup>1</sup>	99.8	12.6	10.2	5.4	2.3	2.0	—	—	—	220.4
86-7	186.7	-98.6 <sup>1</sup>	101.2	12.7	10.2	5.4	2.3	2.0	—	—	—	221.9
87-8	179.4	-88.6 <sup>1</sup>	92.1	12.1	10.2	5.4	2.3	2.0	—	—	—	213.9
Percentage of Distribution Average	52.7	20.6	10.7	5.8	1.0	4.2	.4	.7	.7	.03	3.3	100.0
1929-65	249.3	97.4	50.9	27.5	4.8	20.0	1.7	3.1	3.1	0.12	15.7	473.7

1. Last three years, Great Britain pays into the Bank of International Settlements.

## ANNEX II

### SCHEDULE OF ALLIED PAYMENTS TO THE UNITED STATES

(In Millions of Dollars)

Year	Great Britain	France	Italy	Belgium	Serbs Croats Slovenes	Rumania	Poland	Greece
'29	160.6	32.5	5.0	5.5	.2	.5	6.2	.05
30	160.8	35.0	5.0	6.2	.2	.6	6.2	.06
31	160.0	40.0	14.6	6.3	.2	.7	6.2	.14
32	161.1	50.0	14.7	8.0	.2	.8	6.2	.24
33	184.0	60.0	14.8	8.5	.3	1.0	7.0	.28
34	182.8	75.0	15.0	9.0	.3	1.2	7.0	.3
35	181.7	80.0	15.5	9.6	.3	1.4	7.0	.3
36	180.5	90.0	16.0	12.7	.3	1.6	7.0	.3
37	184.4	100.0	16.6	12.7	.4	1.8	7.0	.3
38	183.1	105.0	17.0	12.8	.5	2.0	7.0	.3
39	181.8	110.0	17.6	12.7	.5	2.2	7.0	.4
40	185.5	115.0	18.2	12.7	.6	2.2	7.0	.4
41	184.1	120.0	21.1	12.7	.8	2.2	7.0	.4
42	182.6	125.0	21.7	12.7	.9	2.2	7.0	.4
43	181.1	125.0	22.2	12.7	.9	2.2	7.0	.4
44	183.7	125.0	22.9	12.7	.9	2.2	7.0	.4
45	182.0	125.0	23.5	12.7	1.0	2.2	6.0	.4
46	180.4	125.0	24.1	12.7	1.0	2.2	7.0	.4
47	183.8	125.0	24.4	12.7	1.0	2.2	7.0	.4
48	182.0	125.0	25.0	12.7	1.0	2.2	7.0	.4
49	180.3	125.0	25.5	12.7	1.0	2.2	7.0	.4
50	180.5	125.0	26.3	12.7	1.0	2.2	7.0	.4
51	180.6	125.0	31.4	12.7	1.0	2.2	7.0	.4
52	180.7	125.0	32.1	12.7	1.1	2.2	7.1	.4
53	181.7	125.0	32.8	12.7	1.1	2.2	7.1	.4
54	183.6	125.0	33.5	12.7	1.1	2.2	7.1	.4
55	183.4	125.0	34.5	12.7	1.3	2.2	7.2	.4
56	179.1	125.0	35.3	12.8	1.3	2.2	7.2	.4

Year	Great Britain	France	Italy	Belgium	Serbs Croats Slovenes	Rumania	Poland	Greece
57	179.9	125.0	36.2	12.8	1.4	2.2	7.2	.4
58	180.5	125.0	37.2	12.7	1.8	2.2	7.2	.4
59	180.1	125.0	37.9	12.7	1.8	2.2	7.2	.4
60	179.6	125.0	38.8	12.7	1.8	2.2	7.2	.4
61	180.9	125.0	43.1	12.6	2.4	2.2	7.1	.4
62	178.2	125.0	43.9	12.6	2.5	2.2	7.2	.4
63	180.5	125.0	44.7	12.7	2.5	2.2	7.2	.4
64	179.6	125.0	45.4	12.7	2.5	2.2	7.1	.4
65	180.6	125.0	46.1	12.7	2.5	2.2	7.1	.4
66	182.5	125.0	47.3	12.7	2.5	2.2	7.1	.4
67	181.2	125.0	48.6	12.7	2.5	2.2	7.1	.4
68	181.9	125.0	50.3	12.7	2.5	2.2	7.1	.4
69	183.3	125.0	52.0	12.7	2.5	2.2	7.1	.4
70	184.7	125.0	52.6	12.8	2.5	2.2	7.0	.4
71	184.8	125.0	56.4	12.7	2.5	2.2	6.9	.4
72	185.8	125.0	57.4	12.7	2.5	2.2	6.9	.4
73	185.6	125.0	58.4	12.7	2.5	2.2	6.9	.4
74	185.4	125.0	59.4	12.7	2.5	2.2	7.0	.4
75	186.0	125.0	60.4	12.7	2.5	2.2	7.0	.4
76	185.3	125.0	62.0	12.9	2.5	2.2	7.1	.4
77	185.5	125.0	63.4	12.8	2.5	2.2	7.1	.4
78	185.6	125.0	65.8	12.8	2.5	2.2	7.1	.4
79	185.5	125.0	67.2	12.7	2.5	2.2	7.3	.4
80	185.2	125.0	67.6	12.8	2.5	2.2	7.5	.4
81	185.8	125.0	74.0	12.8	2.5	2.2	7.9	.4
82	185.1	125.0	75.8	12.9	2.5	2.2	8.2	.4
83	187.2	125.0	76.4	12.9	2.5	2.2	8.8	.4
84	181.1	125.0	78.0	12.8	2.5	2.2	8.3	.4
85	....	125.0	78.6	12.8	2.5	2.2	..	.4
86	....	125.0	80.1	12.9	2.5	2.2	..	.4
87	....	117.7	81.0	12.2	2.5	2.2	..	.4
88	....	....	...	...	..	..	..	.4
89	....	....	...	...	..	..	..	.4
90	....	....	...	...	..	..	..	.2